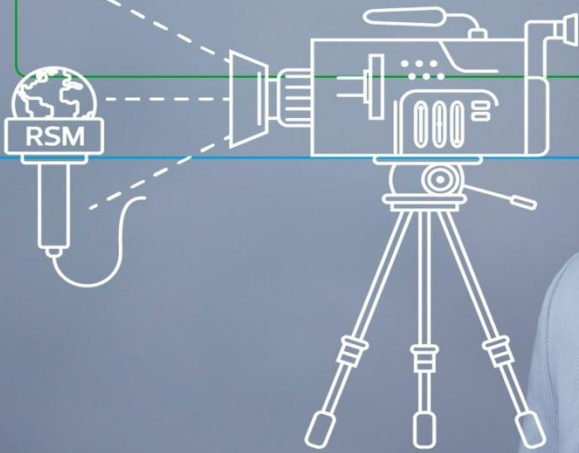


THE POWER
OF BEING
UNDERSTOOD



RSM FOCUS

Welcome to issue 7 of RSM Focus – RSM Thailand's Newsletter covering various issues that face expatriate corporate and personal investors seeking to do business in Thailand

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THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING



Introduction

Welcome to the seventh edition of RSM Focus. This edition features a topical article on double tax deduction for purchase of new assets as well as the outplacement services for staff that are subject to termination.

Double Deduction for Purchase of New Assets

Double deduction for the purchase of new assets

Royal Decree No.604 issued on 18 April 2016 grants a 200% corporate income tax deduction for expenses incurred for the purchase of assets based on the actual amount paid between 3 November 2015 and 31 December 2016. This capital expenditure must relate to additions, alterations, extensions, or improvement of assets relating to the company's operations. Repair or maintenance of assets are not included.

The new assets must be in accordance with the following criteria

1. Machinery, components, equipment, tools, furniture and fixtures.
2. Computer programs.
3. Vehicles registered in Thailand, not including passenger cars with less than 10 seats which are not for rent.
4. Permanent buildings, but not including land and permanent buildings for residential purposes.

Rules and Conditions

1. The assets must have never been used before.
2. The assets must be ready for use by 31 December 2016.
3. The assets must be within Thailand except for vehicles registered in above criteria item 3.
4. The assets must not receive any tax privileges under other royal decrees, either wholly or partially.
5. The assets must not receive tax privileges under the law on the Board of Investment, either wholly or partially except for investment schemes under acceleration for which the company is entitled to take the benefits but where the investment had not actually yet been made and the taxpayer chooses not to use their tax privileges.

Caution

If the company fails to follow the criteria, rules and conditions detailed above in any accounting period, the tax benefit for the double deduction of expenses will be terminated. The company must resubmit its corporate income tax returns for the accounting periods in which such tax benefits have been utilized. Further, if the assets are sold, damaged or lost in any accounting period, the tax benefits will no longer be permitted in such period, although the taxpayer will not be required to resubmit the corporate income tax return in this instance.

Amendment of the deadline for permanent buildings and machinery

Royal Decree No.622 amended the deadline specified in Royal Decree No.604 for permanent buildings and machinery which must be ready for use by 31 December 2016 by prolonging the deadline in accordance with the period of construction or implementation. The reason for this extension is that the large machinery may take significant time to install and the investment in permanent buildings requires time to implement, especially for large projects. The timeline to complete these projects is not specified in the Royal Decree No.604.

RSM Outplacement – a comprehensive solution

Few occasions are more stressful in work than when you have to tell a colleague that he or she no longer has a job. Ranked by psychologists as the third most stressful situation we are likely to face in life, job loss is becoming a greater and greater reality as the recession bites.

In spite of this, many companies are not prepared for the cost that employee lay-offs bring, which are not only emotional, but also financial. In Thailand, with comprehensive labour protection regulations in place, companies need to be aware of these and plan any downsizing they do with precision.

To help companies, we have outlined the process as 'The 4 Cs' of employee outplacement, and hopefully it will give a clearer view of what managers need to do to make employee layoffs as painless as possible, not only for the employee but also for the company.

The first C is Contractual. Before any decision to downsize, thorough due diligence needs to be done on a company's contractual obligations to its employees under Thai and international law. One common issue that clients face is that the redundancy procedure provided by law should be implemented properly by the company, (e.g. offer for voluntary resignation, proper notification and announcement, no discrimination, proper severance package), to avoid further claims by the terminated employees.

The RSM Legal practice is headed by Khun Pardorn Suchiva, who is well aware of the difficulties many companies face when laying off employees. 'Objective number one for companies, I would say, is don't go to Court, because while the court system is impartial, litigation may be both lengthy and expensive'.

Going to court can also be disastrous from a PR point of view. Most worrying of all for companies, they can easily spin into a class action with potential awards totaling tens of millions of Baht if disgruntlement is widely shared. This is why, having completed their due diligence, companies need to manage the process with care. They need to follow the second and third Cs of 'Communication and Coaching'.

Having decided that they are safe contractually, some companies still slip up by not communicating effectively to the employees and mismanaging what we call 'the outplacement process', the ultimate goal of which is to assist employees to find new work as soon as possible.

As stated above, being made redundant is stressful, yet it is amazing how many people, once they are guided, are willing to embrace being laid off as an opportunity. The key for us is helping our participants reconnect to their dreams and true potential, and then discover a new path which fits their unique talents and goals, rather than blindly trawling for a new job.

In a recruitment market that is becoming increasingly tough, it's clear that employees need to be focused, well-prepared and able to articulate their strengths clearly – and that is what the '3rd C' of the process is all about. Most importantly for companies, it gets the 'outplacement candidate' looking forward, not back, and replaces the negative energy of the job loss with a new, positive energy from within, which encourages the employee to see his or her circumstances anew and create a comprehensive career plan.

Which brings us to the fourth C – that of Career Progression. Not all outplacement candidates will look for another job. Some will take the opportunity to go into further education. Others may choose to start their own business or take a break from work altogether. But for those who do, having the expert advice and guidance of a professional recruiter is clearly an advantage. As a recruitment company we obviously specialize in finding candidates new roles and this provides a natural link to the outplacement program we offer. Candidates on our outplacement program appreciate the day-to-day guidance and knowledge that a professional recruitment company can bring as well as the awareness of market developments that other outplacement programs simply may not have.

In addition to this, it is critical for the recruitment consultant to have a deeper understanding of their candidates. With the input received from the coaching phase of the process, coupled with existing market knowledge, we can confidently approach employers with strong person/job matches, thereby giving our candidates an edge which clearly makes a significant difference to their chances of being hired.

Outplacement is regarded by some companies as a nice-to-have, or a means of softening the blow of being fired. As we've seen, a comprehensive outplacement program minimizes the risk of legal action and disgruntlement by moving the outplacement candidate along to the next step of their chosen career path.

RSM is the only company in Thailand offering all 4 components of the '4Cs', listed above. For a free consultation and to find out more about RSM Outplacement please call us at 02670 9002 or email at outplacement@rsmthailand.com.

RSM Thailand

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